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October 4, 1954

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SEP 22 1998

CONCORD, N.H.

Miss Ruth G. Morgan  
Acting Labor Commissioner  
Star Building - Pleasant Street  
Concord, New Hampshire

Dear Miss Morgan:

This opinion is given in response to your inquiry of October 1. You stated that Arnold Products Company, Inc., of Manchester, desires to be a self-insurer under the Workmen's Compensation Act (R.L., c. 216, s. 8 II as amended by c. 266, Laws 1947, and by c. 152, Laws 1949). As proof of financial ability to pay compensation direct instead of through the insurance carrier, Arnold has sent you a copy of an agreement whereby the Bee Bee Shoe Company binds itself as surety in the sum of \$50,000, guaranteeing that Arnold will comply with all of its obligations as a self-insurer under the Act.

A check of the records in the office of the Secretary of State disclosed that Bee Bee Shoe Company is a New Hampshire corporation. Section 6 of chapter 275 of the Revised Laws reads as follows: (dealing with the powers of corporations)

"6. Contracts. They may make contracts necessary and proper for the transaction of their authorized business, and no other; they shall not be capable of binding themselves as sureties or guarantors for others."

It would seem that the surety agreement in question is in violation of section 6 and would, therefore, offer nothing in the way of securing Arnold Company's obligation as a self-insurer.

Very truly yours,

Elmer T. Bourque  
Law Assistant

ETB/anal